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*From the Private Secretary*

20 February 1990

SOUTH AFRICA: EC DISCUSSION

Thank you for your letter of 19 February about discussion of South Africa by EC Foreign Ministers today. The Prime Minister is in general content with the line which the Foreign Secretary proposes to take. She notes that the likelihood is that we shall have to go ahead on our own with lifting the ban on overseas investment. In the unlikely event that others agree to lift it when the state of emergency is lifted, we shall need to consider carefully how we present our own position: we do not want a "Britain forced to delay lifting of sanctions" sort of headlines. The Prime Minister assumes that the Foreign Secretary will not discourage the French from pursuing the idea of lifting the ban on Krugerrands: the more proposals we have for lifting measures the better. But, in our case at least, that would have to be additional to lifting the ban on investment.

I am copying this letter to Martin Stanley (Department of Trade and Industry).

Charles Powell

Stephen Wall Esq  
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

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19 February 1990

*Prime Minister*  
*the line which the Foreign Secretary proposes*  
*to take remains.*  
*the point of a col. be difficult*

*to prefer: it would look as though*  
*we had been forced to delay lifting*  
*our ban on investment. Equally we would*  
*get something in return i.e. an undertaking*  
*by all the others to lift the ban once the*  
*State of Emergency*  
*was raised.*  
*But it probably won't happen.*

South Africa: EC Discussion

In Dublin tomorrow, EC Foreign Ministers will review their measures against South Africa following Mr Mandela's release. The Foreign Secretary will say that the conditions for lifting the measures which the EC took in 1986 (ban on investment and on the import of krugerrands, and of iron and steel) have almost all been met and that we must now give a clear signal of support for what de Klerk has done and encouragement for him to go further. At the very least, therefore, we should lift the ban on investment, which in our case (and that of a number of other member states) is voluntary. We have already said, on Mandela's release, that we believe it no longer makes sense to discourage new investment in South Africa.

The signs are that we shall not get much support for this approach. The Commission and the French are sympathetic to the idea of lifting one measure now, but the French have in mind Krugerrands which would be a largely symbolic gesture and would take some time to implement.

In those circumstances, the Foreign Secretary plans to return to the charge saying that, if other member states do not accept that they should take action now, what do they propose to do when the State of Emergency is lifted and the conditions set down by the Twelve in 1986 have thus been met?

If, against the odds, other member states responded by agreeing to lift the ban on investment when the State of Emergency is lifted, we could welcome that as coming round to our view. It would not, of course, affect what we have already said (and the statement we made on Mandela's release effectively lifted the ban) but we would delay inspiring a PQ on the subject until the State of Emergency was lifted.

Our advice from Sir Robin Renwick is that the South Africans would understand that and would welcome the prospect of all the EC member states lifting the ban.

The prospects of securing this outcome are not good and the likelihood of more than a few member states supporting our position not high. Even so, there is clear advantage in choosing tactics which would enable us to say afterwards that we had not been wholly isolated. In that case, we would say publicly after the meeting that we had consulted other

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*Center?*  
*19/2*  
*Yes - but*  
*we could*  
*also agree*  
*with the*  
*French*  
*with the*  
*Krugerrand*  
*sanctions*  
*should*  
*be*  
*lifted +*  
*leaving*  
*the other*  
*man*  
*real sanctions*

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*for later. not*



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✓ member states putting forward a reasoned and flexible case; that, as we had said at the time of Mandela's release, it no longer makes sense to discourage new investment; that others were not necessarily in the same position domestically but that we hoped they would join us - giving all the reasons we have given over the last week. We would say that our decision was not in breach of EC law: our obligation was to consult. We have the right to act on our own as necessary. The implementation of the 'ban' was itself voluntary.

I am copying this letter to Martin Stanley (DTI).

*Jam.*  
*Stephen Wall*

(J S Wall)  
Private Secretary

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